

## Message Text

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ORIGIN NEA-10

INFO OCT-01 AF-10 EUR-12 IO-14 ISO-00 PRS-01 H-02  
SSM-05 SIG-02 SSO-00 AID-05 SS-15 NSC-05 NSCE-00  
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DRAFTED BY NEA/P:MKBERRY:RGH

APPROVED BY NEA/P:REUNDELAND

S/PRS - MR. CARTER

H - MR. FLATEN (INFO)

SSM - MR. MC ANDREW

NEA - MR. COLLUMS

NEA/ARN - MR. REUTHER

NEA/IAI - MS. VUNOVICH

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FM SECSTATE WASHDC

TO AMEMBASSY CAIRO IMMEDIATE

AMEMBASSY TEL AVIV IMMEDIATE

AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

USINT BAGHDAD

AMEMBASSY BEIRUT

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMCONSUL JERUSALEM

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY AMMAN

AMEMBASSY MANAMA

AMEMBASSY RABAT

AMEMBASSY SANA

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

USMISSION SINAI

AMCONSUL DHAHREN

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USMISSION GENEVA

AMEMBASSY KHARTOUM

AMEMBASSY LONDON

AMEMBASSY MOGADISCIO

AMEMBASSY MOSCOW

USMISSION NATO

AMEMBASSY NOUAKCHOTT

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION USUN NEW YORK

USCINCEUR

UNCLAS STATE 141599

CINCEUR FOR POLAD

E.O. 11652: N/A

TAGS: PFOR

SUBJECT: DEPARTMENT PRESS BRIEFING - JUNE 16

FOR YOUR INFORMATION AND GUIDANCE FOLLOWING ARE EXCERPTS  
FROM DEPARTMENT SPOKESMAN'S PRESS BRIEFING FOR JUNE 16,  
1977:

Q. HAS THE UNITED STATES DECIDED TO FREEZE ISRAEL'S  
REQUEST TO USE HALF OF ITS AID TOTALLING DOLS 8 MILLION  
TO BUY TWO BOEING 747 JUMBO JETS?

A. FIRST LET ME SAY ON THAT STORY THAT YOU ARE REFERRING  
TO, THAT THE DOLS 100 MILLION FIGURE THAT I THINK IT TALKS  
ABOUT IS PART OF THE TOTAL FISCAL 1977 ECONOMIC AID  
FIGURE TO ISRAEL OF DOLS 735 MILLION.

I UNDERSTAND THAT ISRAEL DID ASK A COUPLE OF MONTHS AGO,  
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I BELIEVE, THAT SOME DOLS 90 MILLION OF THAT MONEY BE USED  
TO BUY TWO AIRPLANES, I THINK TWO BOEING 747'S VALUED AT  
ABOUT THAT FIGURE.

THE WAY I UNDERSTAND IT, AID HAS NOT IN THE PAST FINANCED  
PURCHASES OF COMMERCIAL AIRCRAFT FROM APPROPRIATED FUNDS  
FOR VARIOUS REASONS. THE MATTER IS UNDER OR HAS BEEN UNDER

CAREFUL CONSIDERATION HERE AND NO DECISION HAS BEEN MADE.

Q. WHEN YOU SAY "AIRCRAFT" DO YOU MEAN TO SPECIFY  
COMMERCIAL AIRCRAFT?

A. YES. COMMERCIAL AIRCRAFT.

Q. PLEASE EDUCATE ME ON WHAT YOU MEAN BY APPROPRIATED  
FUNDS. I MEAN, ARE WE TALKING ABOUT DOLS 90 MILLION IN  
ECONOMIC AID TO ISRAEL AND THAT THE STATE DEPARTMENT OR  
AID MAINTAINS A HANDLE ON HOW IT IS SPENT? IS THAT HOW IT  
WORKS?

A. WELL, THE REQUEST BY THE ISRAELIS TO AID WAS THAT THE  
PURCHASE OF TWO BOEING 747'S VALUED AT DOLS 90 MILLION  
UNDER THE COMMODITY IMPORT PROGRAM BE ALLOWED.

WE INITIALLY INFORMED OR AID INITIALLY INFORMED THE ISRAELI GOVERNMENT THAT IT WAS UNLIKELY TO APPROVE THE REQUEST, BUT AGREED TO CONSIDER IT FURTHER. WHEN THE ISSUE WAS RAISED AGAIN, I THINK DURING THE VISIT OF SENIOR ISRAELI FINANCE MINISTRY OFFICIALS IN MAY, I GO BACK TO WHAT I SAID, THAT THE USE OF U.S. ECONOMIC AID APPROPRIATED BY THE CONGRESS TO PROVIDE A RECIPIENT COUNTRY WITH SUCH AIRCRAFT WOULD NOT BE PART OF OUR TRADITIONAL DEVELOPMENT AID PROGRAM.

Q. HAS THERE EVER BEEN A COMPARABLE INSTANCE WHERE ISRAEL UNCLASSIFIED

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OR ANY OTHER COUNTRY ATTEMPTED TO USE ECONOMIC AID FROM THE UNITED STATES TO BUY COMMERCIAL PLANES AND, IF SO, HOW WAS THAT SITUATION HANDLED?

A. I DON'T KNOW THAT THERE ARE ANY PRECEDENTS.

Q. WELL, IF THERE IS NO PRECEDENT FOR IT, HOW CAN IT BE PART OF OUR -- WHATEVER YOU SAID -- TRADITION? HOW CAN YOU HAVE A TRADITION IF IT HAS NEVER HAPPENED BEFORE?

A. I SAY I DON'T KNOW THAT THERE ARE ANY PRECEDENTS. THERE MAY BE.

Q. YOU DON'T KNOW IF THERE ARE ANY PRECEDENTS, BUT ISRAEL WAS TOLD TRADITIONALLY WE DON'T PERMIT THIS. YOU WANT TO LEAVE IT THAT WAY?

A. YES. NOW, ONE OF THE REASONS WOULD BE THAT THE QUESTION INVOLVES A POSSIBLE CONTRAVENTION OF CERTAIN INTERNATIONAL AGREEMENTS ON EXPORT CREDIT COMPETITION ON THE SALE OF COMMERCIAL AIRCRAFT.

Q. COULD THAT POSSIBLY MEAN THAT AMERICAN ECONOMIC AID IS NOT TO BE USED TO MAKE DEALS WITH AMERICAN AIRCRAFT MANUFACTURERS AND IS AN INFORMAL AGREEMENT WITH FOREIGN MANUFACTURERS THAT THIS NOT BE THE CASE. DOESN'T THAT SOUND LIKE WHAT YOU ARE SAYING?

A. THAT IS MY VERY SCANTY OR SKIMPY UNDERSTANDING OF IT.

Q. BASICALLY THE DECISION HAS BEEN PROTECTING OTHER FOREIGN MANUFACTURERS OF AIRCRAFT AGAINST A SALE HERE?

A. WELL, I DON'T SAY IT IS THE BASIC REASON. I CITED IT AS ONE REASON. IT IS THE ONLY REASON GIVEN, BUT I AM NOT SAYING IT IS THE ONLY REASON. WAS THERE ANY UNCLASSIFIED

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DISAGREEMENT WITHIN THE ADMINISTRATION BECAUSE, THE WAY THE STORY WAS CAST IN ISRAEL, IT WAS THE STATE DEPARTMENT SORT OF BEING THE BAD FELLOW.

A. I SAW THE STORY AND I, FRANKLY, HAVEN'T HAD TIME TO EXPLORE INTO IT BEYOND WHAT I HAVE BEEN ABLE TO GIVE YOU AS TO BEING ABLE TO ANSWER THAT QUESTION.

Q. DOES THE STATE DEPARTMENT AGREE WITH THIS AID POSITION?

A. AGAIN, THAT IS A QUESTION I WOULD HAVE TO TAKE. I WOULD SAY THAT WE DO, BUT THAT IS MY OWN GUESS. I THINK IT IS PROBABLY CORRECT.

Q. BEFORE YOU SAID NO DECISION HAS BEEN MADE. DOES THAT MEAN THAT IT IS STILL POSSIBLE THAT THEY WILL AUTHORIZE THE USE OF THIS MONEY?

A. IT IS STILL BEING CONSIDERED. NOW, I AM NOT GOING TO PREDICT FOR YOU WHAT THE OUTCOME WILL BE, BUT I DID SAY AND I WOULD SAY IT AGAIN, THAT IT HAS NOT BEEN PAST POLICY TO DO SO.

Q. AGAIN REFERRING BACK TO THE JERUSALEM REPORT, WHICH I KNOW YOU HAVE A COPY OF, ARE THEY BEING UNFAIR WHEN THEY SAY THE STATE DEPARTMENT -- AND AGAIN I SUPPOSE THEY MEAN AID -- VETOED THE AUTHORIZATION?

A. I DONT THINK IT IS A VETO INASMUCH AS I HAVE SAID IT IS STILL UNDER CONSIDERATION. BUT, WOULD IT HAVE GONE THROUGH IF AID HADNT PUT THE STOP.

A. LET ME GET BACK TO WHAT I HAVE HERE. IN APRIL THEY FIRST ASKED AID TO DO THIS. OKAY. THE INITIAL RESPONSE BY AID TO THE ISRAELI GOVERNMENT WAS THAT IT WAS UNLIKELY UNCLASSIFIED

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TO APPROVE THE REQUEST. THERE FOLLOWED A VISIT IN MAY BY ISRAELI FINANCE MINISTRY OFFICIALS. THE ISSUE OR THE QUESTION WAS RAISED AGAIN AND WE OR AID AGAIN AGREED TO CONSIDER IT FURTHER. THAT IS WHERE IT IS. IF THERE IS A HOLD-UP, AND I DON'T KNOW THAT YOU CAN DESCRIBE IT AS A HOLD-UP. BUT, THAT IS, I THINK, THE GENESIS OF THE QUESTION OF A FREEZE OR A HOLD-UP. I THINK THE STORY USES THE WORD "FREEZE, FROZEN."

Q. YOU CANNOT GIVE US ANY OTHER EXAMPLES OF THE U.S. GOVERNMENT ACTING IN A SIMILAR FASHION TO REQUESTS BY OTHER COUNTRIES?

A. I CAN'T, BUT THAT DOESN'T MEAN THERE AREN'T ANY.  
IT JUST MEANS I DON'T HAVE ANY.

Q. DO YOU KNOW WHETHER ANY POLITICAL INPUT WAS MADE ON  
THIS, AS A FORM OF PRESSURE ON ISRAEL?

A. I DON'T KNOW THE ANSWER TO THAT QUESTION, I DOUBT IT  
VERY MUCH.

Q. DID YOU CONSIDER THE IMPACT AMONG THE ARAB COUNTRIES  
WHEN YOU MADE THIS DECISION, OR WAS IT STRICTLY OR  
PRIMARILY A COMMERCIAL DECISION TO PROTECT OTHER BRITISH  
OR GERMAN OR SOME OTHER AIRCRAFT MANUFACTURERS?

A. THE IMPACT ON THE ARAB COUNTRIES?

Q. WELL, THAT'S SORT OF RELATED TO WHAT WAS ASKED, YOU  
KNOW. WERE YOU CONSIDERING POLITICAL IMPLICATIONS, OR DID  
YOU ASK THE ARABS HOW THEY FELT ABOUT IT BEFORE YOU DID  
IT?

A. I'M NOT SURE THAT POLITICAL IMPLICATIONS CAME INTO IT.  
COMMERCIAL AIRCRAFT IS WHAT WE ARE TALKING ABOUT AND  
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APPROPRIATED AID FUNDS. I'M NOT SURE THAT IT GETS INTO THAT  
AREA YOU'RE TALKING ABOUT. BUT, FACTUALLY, I DON'T KNOW.

Q. YOU WANT THIS TO BE PORTRAYED SIMPLY AS A DECISION  
THAT WAS BASED ON COMMERCIAL GROUNDS AND HAD NOTHING TO  
DO WITH POLITICAL OR DIPLOMATIC ASPECTS?

A. I THINK THAT'S THE TENOR OF WHAT I'VE BEEN SAYING HERE.

Q. ALL RIGHT. I'D LIKE TO ASK YOU THIS: CAN A COUNTRY  
USE THAT MONEY TO GO OUT AND BUY, SAY, TWO TRIDENT  
JUMBO JETS? COULD YOU USE US AID MONEY TO GO OUT AND BUY  
THE BRITISH TRIDENT?

A. I DON'T KNOW HOW TO ANSWER YOU. I'M NOT INFORMED  
ENOUGH ABOUT THE REGULATIONS TO KNOW.

MR. WALLACE: THE ANSWER IS NO, YOU CAN'T GO OUT AND BUY,  
WITH MONEY FROM AID, ANYTHING THAT YOU WISH. ANY PURCHASE  
UNDER AN AID PROGRAM HAS TO BE MADE ACCORDING TO A  
PREVIOUSLY APPROVED PLAN.

Q. MY QUESTION IS, CAN YOU USE AID MONEY TO BUY A FOREIGN  
PLANE?

MR. WALLACE: YOU CAN'T.

Q. WHAT DOES THIS SENTENCE MEAN THAT YOU TALKED ABOUT,  
THAT DOUBLE-TALK SENTENCE, ABOUT POSSIBLE CONTRAVENTION.  
WHAT DOES THAT MEAN?

A. WELL, THERE ARE TWO POINTS. GALE WALLACE IS SAYING  
THAT AID DEVELOPMENT FUNDS CAN'T BE USED TO PURCHASE  
PREVIOUSLY-UNAGREED-ON ITEMS.

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MR. WALLACE: NO, NO, YOU CAN'T USE IT FOR BUYING OTHER  
PLANES.

Q. AT WHAT LEVEL IS CONSIDERATION BEING GIVEN TO THIS  
REQUEST AT THE PRESENT TIME?

MR. WALLACE: I HAVEN'T HEARD OF IT.

MR. TRATTNER: HAVEN'T HEARD OF THE CONSIDERATION?

MR. WALLACE: NO, BUT IT SEEMS TO ME, JOHN, THAT THE FACT  
IS THAT THE EXPORT-IMPORT BANK IS USUALLY THE VEHICLE BY  
WHICH FOREIGN COUNTRIES BUY AIRPLANES, PRINCIPALLY IN  
THE UNITED STATES. AND MAYBE THAT SENTENCE YOU'RE READING  
THERE HAS SOME REFERENCE TO THE PART PLAYED BY THE EXPORT-  
IMPORT BANK.

Q. WHEN DO YOU THINK A DECISION MIGHT BE MADE ON THIS?

WILL IT BE BEFORE BEGIN COMES HERE OR AFTER?

A. I DON'T KNOW.

Q. IS THE STATE DEPARTMENT INVOLVED IN THIS IN ANY WAY,  
OR IS IT ONLY AID?

A. I THINK AID IS INVOLVED WITH IT.

Q. YOU DON'T KNOW WHETHER THE STATE DEPARTMENT IS  
INVOLVED?

A. WELL, WE'RE INVOLVED IN THE SENSE THAT I'M STANDING UP  
HERE TRYING TO ANSWER QUESTIONS.

Q. I KNOW, BUT I MEAN ON A POLITICAL LEVEL IS IT  
INVOLVED?

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A. I'M SURE THE STATE DEPARTMENT IS AWARE OF WHAT'S

HAPPENING.

Q. IS THE WHITE HOUSE INVOLVED IN THIS?

A. I DON'T KNOW.

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<< END OF DOCUMENT >>

## Message Attributes

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**Capture Date:** 22-Sep-1999 12:00:00 am  
**Channel Indicators:** n/a  
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**Concepts:** THE PRESS, BRIEFING MATERIALS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 17-Jun-1977 12:00:00 am  
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**Document Unique ID:** 00  
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**To:** CAIRO TEL AVIV MULTIPLE  
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